DOCKET FILE COPY ORIGINAL

ORIGINAL



Wiley Rein & Fielding LLP

1776 K STREET NW WASHINGTON, DC 20006 PHONE 202.719.7000 202.719.7049

7925 JONES BRANCH DRIVE **SUITE 6200** McLEAN, VA 22102 PHONE 703.905.2800 703.905.2820

www.wrf.com

RECEIVED September 13, 2002

Wayne D. Johnsen 202,719,7303 wjohnsen@wrf.com

SEP 1 3 2002

OFFICE OF THE SECRETARY

Marlene H. Dortch FEDERAL COMMUNICATIONS COMMISSION Secretary Federal Communications Commission 445 12th Street, S.W. Washington, D.C. 20554

XO Communications, Inc. Re:

Applications for Consent to Transfer of Control

IB Docket No. 02-50

Dear Ms. Dortch:

Forstmann Little & Co. Equity Partnership-VII, L.P. ("Equity VII") and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P. ("MBO VIII," and, together with Equity VII, "Forstmann Little"), by their attorneys, hereby respond to the International Bureau's September 10, 2002 request for further information regarding the Forstmann Little limited partners. As directed by the September 10 letter, Forstmann Little hereby responds to the following portions of the information request:

By September 13, 2002, please confirm that each limited partner in each *"1.* partnership is prohibited by the relevant partnership agreement from participating in the day-to-day management of the partnership, and that only the usual and customary investor protections are contained in each limited partnership agreement."

Under the terms of the transaction contemplated in the above-referenced applications, Equity VII would hold 25 percent of the voting stock of XO, and MBO VIII would hold 15 percent of the voting stock of XO. Both of these entities are Delaware limited partnerships. The general partner of Equity VII is FLC XXXII Partnership, L.P. ("FLC XXXII"), a New York limited partnership, and the general partner of MBO VIII is FLC XXXIII Partnership, L.P. ("FLC XXXIII"), also a New York limited partnership.

The partnership agreements of Equity VII, MBO VIII, FLC XXXII, and FLC XXXIII prohibit the limited partners in these funds from participating in the day-to-

Forstmann Little is in the process of assembling information needed to respond to the remainder of the September 10 request for further information. No. of Copies rec'd_ List ABCDE

day management of the partnership.² Limited partners have no voting rights, except in extraordinary circumstances (such as the retirement or incapacity of the general partner or any proposed amendment to the respective partnership agreement). In such situations, the voting rights are the same as the limited partner's percentage of the overall capital commitments of the partnership. This is also to confirm that, with regard to the rights of the limited partners, the partnership agreements contain nothing other than the usual and customary investor protections.

"2. By September 13, 2002, please provide the aggregate percentage of ownership of the foreign limited partners in each partnership."

The foreign limited partners³ of Equity VII have an 11.32 percent ownership stake in the fund. Foreign limited partners have a 14.8 percent interest in MBO VIII.⁴ There are no foreign limited partners in either FLC XXXII or FLC XXXIII.⁵

² Specifically, the limited partnership agreements of Equity VII, MBO VIII, FLC XXXII, and FLC XXXIII all contain provisions that prohibit limited partners from: (1) taking part in the control of the partnership's business; (2) transacting business in the partnership's name; (3) signing documents or otherwise binding the partnership; and (4) voting for the election, removal, or replacement of the general partner of the partnership.

It should be noted that funds affiliated with Equity VII and MBO VIII have existing ownership interests in XO which currently give those funds the right to designate two members to the XO Board of Directors. One of the directors designated by those funds is an officer of GE Asset Management, which is affiliated with a limited partner of Equity VII and MBO VIII.

³ For purposes of this response, the term "foreign limited partners" includes foreign entities and domestically organized entities that are foreign owned or controlled.

⁴ These percentages are based on percentage of equity paid in to the partnership. While a limited partner's percentage of the partnership's profits and losses is not necessarily the same as the percentage of equity paid in, it does not exceed this percentage.

⁵ As previously reported, the general partners of FLC XXXII and FLC XXXIII are: Theodore Forstmann; Sandra Horbach; Thomas Lister; Winston Hutchins; Jamie Nicholls, and Gordon Holmes. All general partners except Mr. Holmes are U.S. citizens; Mr. Holmes is a citizen of the Republic of Ireland. The limited partners of FLC XXXII and FLC XXXIII have no voting rights and would have no economic interest with respect to the proposed XO investment.

September 13, 2002 Page 3

Please do not hesitate to contact us if additional information or clarification is required.

Respectfully submitted,

wayne Tokusen

Wayne D. Johnsen John F. Papandrea

Counsel for Forstmann Little & Co. Equity Partnership-VII, L.P. and Forstmann Little & Co. Subordinated Debt and Equity Management Buyout Partnership-VIII, L.P.

cc: Jim Ball
George Li
Claudia Fox
Jackie Ruff
Mark Uretsky
Imani Ellis-Clark
Jeff Tobias
Zenji Nakazawa
Elizabeth Yockus
Neil Dellar

CERTIFICATE OF SERVICE

I, Christopher E. Ryan, a legal assistant at the law firm of Wiley Rein & Fielding LLP, do hereby certify that on September 13, 2002, I served the following party with the foregoing Forstmann Little & Co. letter, dated September 13, 2002, filed with the Federal Communications Commission in IB Docket No. 02-50, by the means indicated below:

Via U.S. Mail (first class, postage pre-paid):

Scott Burnside RCN Corporation 100 Lake Street Dallas, PA 18612

Christopher E. R